

## Message Text

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PAGE 01 ROME 18031 040810Z  
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01

INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06 SP-02

LAB-04 SIL-01 OMB-01 /067 W

-----035628 050755Z /17

R 031815Z NOV 77

FM AMEMBASSY ROME

TO SECSTATE WASHDC 8233

:TREASURY DEPT WASHDC

UNCLAS ROME 18031

PASS FRB

E.O. 11652: N/A

TAGS: EFIN, IT

SUBJ: YIELDSDOWN SLIGHTLY AT OCTOBER TREASURY BILL AUCTION;  
OPEN MARKET SALES CONTINUE.

1. //SUMMARY//. SUBSTANTIAL BANK OF ITALY SALES ON THE OPEN MARKET TOGETHER WITH A FAIRLY SUCCESSFUL TREASURY BILL AUCTION WOULD APPEAR TO HAVE RESULTED IN ANOTHER REDUCTION IN THE BANK OF ITALY'S HOLDINGS OF TREASURY OBLIGATIONS IN OCTOBER. THE FAVORABLE CLIMATE FOR TREASURYFINANCING THAT HAS PREVAILED SO FAR IN 1977 IS CONTINUING TO PERMIT THE CENTRAL BANK PARTLY TO OFFSET THE EXPANSIONARY EFFECTS OF BALANCE OF PAYMENTS SURPLUSES ON THE MONETARY BASE WITH CONTRACTIONARY OPEN MARKET OPERATIONS.

2. AS SHOWN IN TABLES 1 AND 2, BANKS AND OTHER PRIVATE INVESTORS ROLLED OVER THEIR HOLDINGS OF TREASURY BILLS AT THE REGULAR MONTHLY AUCTION ON SLIGHTLY LOWER YIELDS (UNCHANGED ON 3 MONTH BILLS). IN ADDITION, IT WAS REPORTED THAT THE BANK OF ITALY SOLD 1,863 BILLION LIRE OF BILLS ON THE OPEN MARKET DURING THE MONTH, WHICH WOULD MORE THAN OFFSET ITS NET PURCHASES AT THE AUCTION OF 1,341 BILLION LIRE. THE BANK

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OF ITALY IS ALSO REPORTED TO HAVE SOLD 550 BILLION LIRE OF 2 YEAR VARIABLE RATE CERTIFICATES DURING THE MONTH AND REPURCHASED 230 BILLION LIRE OF BILLS WITH LESS THAN 60 DAYS TO MATURITY.

3. OCTOBER TREASURY BILL AUCTION (BILLIONS OF LIRE).

TABLE 1

|               | MATURING | PURCHASED | NET  |
|---------------|----------|-----------|------|
| BANKS/PUBLIC  | 2689     | 2848      | 159  |
| BANK OF ITALY | 311      | 1652      | 1341 |
| TOTAL         | 3000     | 4500      | 1500 |

TABLE 2

|          | AUG   | SEPT  | OCT           |
|----------|-------|-------|---------------|
| 3 MONTH  | 14.13 | 12.49 | 12.49         |
| 6 MONTH  | 15.12 | 13.29 | 13.17         |
| 12 MONTH | 15.47 | 13.83 | 13.64.GARDNER |

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## Message Attributes

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**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** DATA, SALES, AUCTIONS, TREASURY BILLS  
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**Copy:** SINGLE  
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**Decaption Note:**  
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**Disposition Approved on Date:**  
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**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**SAS ID:** 386329  
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**TAGS:** EFIN, IT  
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**Review Markings:**  
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